

Western Avenue Special Service Area Number 20
(Morgan Park - Beverly Hills Business Association, Contractor)

Financial Statements

Year Ended December 31, 2009 and 2008

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Western Avenue Special Services Area Number 20
(Morgan Park/Beverly Hills Business Association, Contractor)
Chicago, Illinois

We have audited the accompanying statement of financial position of Western Avenue Special Service Area Number 20 (Morgan Park/Beverly Hills Business Association, Contractor) (a nonprofit organization) as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Western Avenue Special Service Area Number 20 (Morgan Park/Beverly Hills Business Association, Contractor), as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. The information included in the accompanying Schedule 1 is presented for supplemental analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the audit of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

Bravos & Associates

March 22, 2010
Bloomington, Illinois

Western Avenue Special Service Area Number 20

(Morgan Park - Beverly Hills Business Association, Contractor)

Statement of Financial Position

December 31, 2009 and 2008

	2009	2008
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 26,147	\$ 43,882
Accounts receivable	<u>4,596</u>	<u>2,528</u>
Total Assets	<u>\$ 30,743</u>	<u>\$ 46,409</u>
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 343	\$ -
Due to Morgan Park/Beverly Hills Business Association	17,553	32,974
Net assets, unrestricted	<u>12,847</u>	<u>32,418</u>
Total Liabilities and Net Assets	<u>\$ 30,743</u>	<u>\$ 65,392</u>

Western Avenue Special Service Area Number 20
(Morgan Park - Beverly Hills Business Association, Contractor)
Statement of Activities
For the Years Ended December 31, 2009 and 2008

	2009			2008		
	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>
<u>Changes in Unrestricted Net Assets:</u>						
<u>Revenues:</u>						
Tax Levy Revenue - Current Year	\$ 157,228	\$ 165,150	\$ (7,922)	\$ 169,175	\$ 167,050	\$ 2,125
<u>Expenses:</u>						
<u>Program costs:</u>						
1.00 Advertising & Promotion	7,249	5,900	1,349	7,451	6,900	551
2.00 Public Way Maintenance	57,600	58,600	(1,000)	87,661	58,000	29,661
3.00 Public Way Aesthetics	64,401	68,500	(4,099)	51,494	71,000	(19,506)
8.00 District Planning	10,679	10,900	(221)	6,400	6,400	-
Total Program Expense	<u>139,929</u>	<u>143,900</u>	<u>(3,971)</u>	<u>153,006</u>	<u>142,300</u>	<u>10,706</u>
<u>Administration</u>						
10.00 Operation & Administrative Support	17,888	13,250	4,638	17,797	14,750	3,047
11.00 Tax Levy Loss Collection	-	8,000	(8,000)	-	10,000	(10,000)
Total Administration expenses	<u>17,888</u>	<u>21,250</u>	<u>(3,362)</u>	<u>17,797</u>	<u>24,750</u>	<u>(6,953)</u>
Total Expenses	<u>157,816</u>	<u>165,150</u>	<u>(7,333)</u>	<u>170,803</u>	<u>167,050</u>	<u>3,753</u>
Increase (Decrease) in Net Assets	(589)			(1,628)		
<u>Unrestricted Net Assets:</u>						
Beginning of Year (Deficit)	<u>13,436</u>			<u>15,064</u>		
End of Year (Deficit)	<u>\$ 12,847</u>			<u>\$ 13,436</u>		

Western Avenue Special Service Area Number 20
(Morgan Park - Beverly Hills Business Association, Contractor)
Statement of Cash Flows
For the Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows from operating activities:		
Increase (decrease) in unrestricted net assets	\$ (589)	\$ (1,628)
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Accounts receivable	(2,068)	(2,796)
Accounts payable	343	
Due to Morgan Park/Beverly Hills Business Association	<u>(15,421)</u>	<u>15,888</u>
Net cash flows from operating activities:	\$ (17,735)	11,464
Cash and Cash Equivalents		
Beginning of the year	<u>43,882</u>	<u>32,418</u>
End of the year	<u>\$ 26,147</u>	<u>\$ 43,882</u>
Supplemental disclosures:		
Interest Paid	<u>\$ -</u>	<u>\$ -</u>
Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

Western Avenue Special Service Area Number 20
(Morgan Park - Beverly Hills Business Association, Contractor)
Notes to Financial Statements
For the Year Ended December 31, 2009 and 2008

Summary of Accounting Policies

Nature of Organization

Morgan Park - Beverly Hills Business Association, Contractor for Western Avenue Special Service Area Number 20 (Organization) is a not-for-profit corporation organized under the laws of the State of Illinois. The Organization was formed to revitalize the Morgan Park - Beverly Hills business district. The organization is located within the boundaries of the City of Chicago.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 116, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 116, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Organization had no temporarily or permanently restricted net assets, as of December 31, 2009 and 2008 the organization has unrestricted net assets in the amount of \$ 12,847 and \$ 32,418 respectfully.

Cash and Cash Equivalents

Cash and cash equivalents is defined as short term liquid investments such as cash in banks, money markets, and other financial instruments that can be reduced to cash in thirty days or less. The organization maintains its cash in bank accounts, which, at times, may exceed the federally insured limits. The organization has not experienced any losses in such accounts. The organization believes it is not exposed to any significant credit risk on cash and cash equivalents. The organization has established a separate checking account at the Charter One Bank in Chicago, Illinois and all tax revenue funds are automatically deposited into this checking account. The Contractor did not commingle Service Tax funds with funds from any other source.

Revenue Recognition

The organization's financial statements are presented on the accrual basis of accounting. Revenues are recognized when the amount can be readily estimated or committed, and the payment is reasonably certain. Expenses are recorded when incurred. Accounts receivable represent amounts earned, but not received at year end.

Income Taxes

The organization is a part of the Morgan Park Beverly Hills Business Association, which is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code and is not classified by the Internal Revenue Service as a private foundation.

Western Avenue Special Service Area Number 20
(Morgan Park - Beverly Hills Business Association, Contractor)
Notes to Financial Statements
For the Year Ended December 31, 2009 and 2008

Summary of Accounting Policies – Continued

Related Party Transactions

Western Avenue Special Service Area Number 20 shares office space, equipment and employees through its affiliation with Morgan Park - Beverly Hills Business Association. Western Avenue Special Service Area Number 20 has no employees of its own, but reimburses Morgan Park - Beverly Hills Business Association for payroll and related costs of the individuals working on the programs. It also reimburses Morgan Park - Beverly Hills Business Association for a portion of its operating expenses, allocation of rent and utilities. The Western Avenue Special Service Area Number 20 had \$ 17,553 and \$ 32,974 due to Morgan Park - Beverly Hills Business Association as of December 31, 2009 and 2008 respectfully.

Use of Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Special Service Area Agreement

The Organization entered into an agreement with the City of Chicago on January 1, 2006, which expires December 31, 2008, whereby the City has establish a special service area known and designated as “Western Avenue Special Service Area Number 20” to provide special services in addition to those services generally provided by the City. Morgan Park - Beverly Hills Business Association, Contractor has been designated as “Contractor” under terms of the agreement. The City has authorized a levy not to exceed 0.47% of the equalized assessed value of all property within the area to produce sufficient revenues to provide those special services.

The maximum amount to be paid to the Organization is the lesser of \$ 165,150 or the amount of service tax funds collected for the tax year 2009 and 2008. For each subsequent year of the agreement, the maximum amount to be paid is the lesser of the budget for that year or the amount of service tax funds actually collected for the preceding tax year. The agreement shall continue through December 31, 2013.

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INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors
Western Avenue Special Service Area Number 20
Morgan Park - Beverly Hills Business Association, Contractor
Chicago, Illinois

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information which follows is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Bravos & Associates

March 22, 2010
Bloomington, Illinois

Western Avenue Special Service Area Number 20

(Morgan Park - Beverly Hills Association, Contractor)

Schedule of Expenses with Budget Variances

December 31, 2009 and 2008

<u>Expenses / Programs:</u>	2009			2008		
	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>
<u>1.00 Advertising & Promotion</u>						
1.01 Display Ads	504	1,000	(496)	2,195	1,000	1,195
1.02 Holiday/Seasonal Promotions	532	1,000	(468)	-	1,000	(1,000)
1.03 Print Materials	1,158	1,400	(242)	1,131	1,400	(269)
1.06 Website/Technology	3,055	500	2,555	1,125	500	625
1.07 Service Provider Direct Services	2,000	2,000	-	3,000	3,000	-
Total	7,249	5,900	1,349	7,451	6,900	551
<u>2.00 Public Way Maintenance</u>						
2.04 Liability/Property Insurance	-	1,000	(1,000)	1,661	1,000	661
2.05 Sidewalk Cleaning	53,000	53,000	-	82,000	53,000	29,000
2.14 Service Provider Direct Services	4,600	4,600	-	4,000	4,000	-
Total	57,600	58,600	(1,000)	87,661	58,000	29,661
<u>3.00 Public Way Aesthetics</u>						
3.02 Holiday Decorations	35,471	36,000	(529)	33,704	36,000	(2,296)
3.03 Landscaping	14,756	16,000	(1,244)	13,790	16,000	(2,210)
3.04 Property Insurance	1,235	-	1,235	-	-	-
3.05 Streetscape Elements	9,939	13,500	(3,561)	-	15,000	(15,000)
3.07 Service Provider Direct Services	3,000	3,000	-	4,000	4,000	-
Total	64,401	68,500	(4,099)	51,494	71,000	(19,506)
<u>8.00 District Planning</u>						
8.07 Service Provider Direct Services	6,000	6,000	-	6,400	6,400	-
8.08 Other: Fringe	4,679	4,900	(221)	-	-	-
Total	10,679	10,900	(221)	6,400	6,400	-
<u>Administration:</u>						
<u>10.00 Operational & Administrative Support</u>						
10.01 Audit/Bookkeeping	3,575	1,500	2,075	2,125	1,500	625
10.02 Meeting Expense	580	-	580	542	-	542
10.05 Office Supplies	2,902	1,700	1,202	3,449	1,700	1,749
10.06 Office Utilities/Telephone	4,887	3,500	1,387	4,062	3,500	562
10.07 Postage	100	1,000	(900)	533	1,000	(467)
10.09 Service Provider Administrative Support	4,000	4,000	-	5,500	5,500	-
10.10 Subscription/dues	295	250	45	171	250	(79)
10.11 Other: Transportation reimbursement	1,549	1,300	249	1,415	1,300	115
Total	17,888	13,250	4,638	17,797	14,750	3,047

Western Avenue Special Service Area Number 20
(Morgan Park - Beverly Hills Business Association, Contractor)
Summary Schedule of Findings
Years ended December 31, 2009 and 2008

Finding # 1:

We have reviewed the Agreement for Special Service Area Number 20 between the City of Chicago and the Contractor (Morgan Park - Beverly Hills Business Association) for the year ended December 31, 2009 and 2008. We noted no exceptions